DOCUMENT RESUME

ED 074 786 EM 010 999

TITLE	Cable Television: From Here to Where?
INSTITUTION	Canadian Cable Television Association, Ottawa (Ontario).
PUB DATE	73
NOTE	9p.
EDRS PRICE	MF-$0.65 HC-$3.29
DESCRIPTORS	*Broadcast Industry; *Cable Television; Community Antennas; *Federal Laws; Mass Media; *State Laws; Technological Advancement
IDENTIFIERS	*Canada; CATV

ABSTRACT

A brief description is presented of the present uses, regulatory structure, and future potentials of cable television for Canada. Some 30% of Canada is already wired for cable, as opposed to 9% in the United States. (RH)

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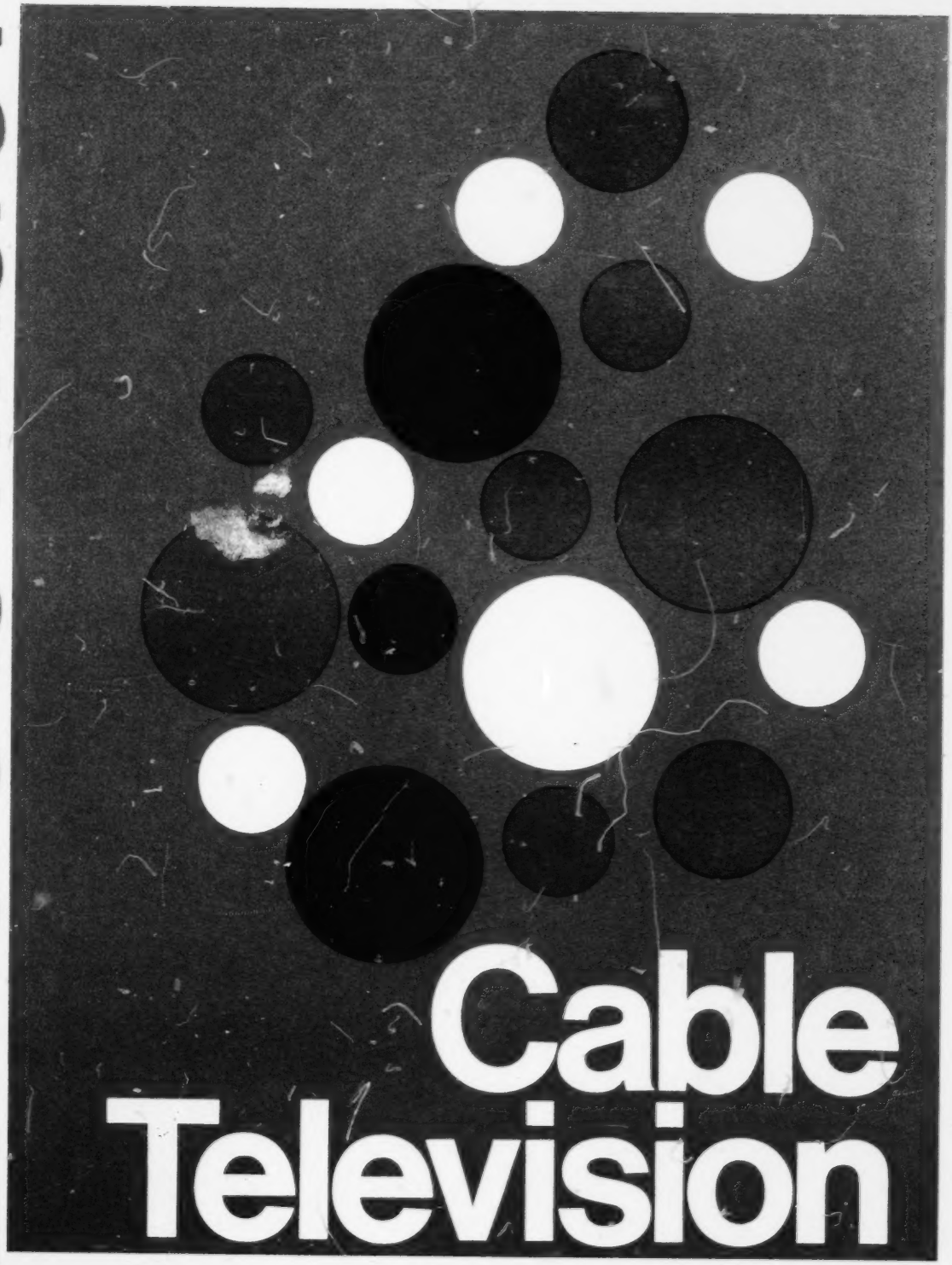
from here to where?



Cable Television

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Introduction

The erection of the first television master antenna 20 years ago gave no indication of the impact which cable television would have in Canada in the seventies. It was intended to improve reception for a few neighbouring families! To-day over 6 million Canadians view TV via cable.

Significant social and technical changes -- particularly in the past decade -- have generated a favourable climate for the cable television industry. As the industry continues to foster and grow, it is becoming much more than just a sophisticated extension of the rabbit ear antenna on the television set.

The timing, as well as the benefits of this electronic throughway into the home, fortunately has coincided with the orientation of Canadians into identifiable areas of viewer interest. Audience specialization has been evident in the print media for some time. It is now also apparent in the electronic media.

Canadians - pioneers in Cable Television

Cable television found its genesis in the early 1950s. Communities shielded from reception of off-air television signals by mountains, or located long distances from television broadcast transmitters, were unable to receive satisfactory signals. By erecting a sophisticated antenna in a favourable location, it was possible to receive these signals, amplify them, and transmit them over coaxial cables to homes in the community.

London, Ont., and several communities in British Columbia and Pennsylvania, share the honour as the birthplace of this new technology. In many cases, the systems were founded by two or three enterprising neighbours pooling their resources, with more entrepreneural faith than financial acumen.

Obstacles to through-the-air television broadcasting increasingly interfered with reception in metropolitan centres. In the early nineteen-sixties, the advent of high-rise buildings and various sources of man-made electrical interference compounded reception problems. These situations presented special difficulties to the reception of colour TV signals. Colour receivers require stronger and more stable signals than black-and-white receivers for satisfactory reception. By providing both a better quality signal and greater program choice, cable television became popular, therefore, not only in remote communities, but in metropolitan centres as well.

In some cities today -- Victoria, Vancouver, Sherbrooke, London, Ont., and Montreal, Que., for example -- over 85 per cent of the population are connected to the cable television distribution system.

On a national basis, over 80 per cent of the urban residences in all of the areas licensed by the Canadian Radio-Television Commission have access to cable television.

Canada - a world leader in Cable Television

Canada is a leader in this new technology. Several Canadian companies are larger than any single system operating anywhere in the world. Thirty per cent of the Canadian population view their television by cable, compared with 9 per cent in the United States! Canadian companies have also designed cable systems in Europe and the United States which they own and operate.

Greater choice, and not just a greater volume of conventional mass-audience programming, is the rationale of this new home-delivery service of knowledge, entertainment, and information. The forward march of the will of the people for greater choice demands a communications system that can specialize as well as carry mass programming.

The need for flexibility in communications is heralded by changes in society which highlight individuals and their uniqueness. The "average man" is disappearing; the common mask is being replaced by the private face.

Advertising, product design, communications, and services that will continue as the vehicles and voices of the times must respect this new environment of individualism and specialization. Failing this, they will go the way of the Saturday Evening Post, Look Magazine, and Life. Those who would try to hold onto past practice by limiting choice in purchasing, reading, listening, or viewing television, are suggesting old answers to new situations and going against a definite social trend.

Cable television is a new technology whose effects mesh with and promote this new environment of individualism.

Cable TV - where it's at!

Cable expands television's capacity to serve the public viewer by supplying more mass-appeal broadcast programs than would otherwise be available off the airwaves and by adding to the choice of programming available with locally produced and distributed signals. Special interest groups can be catered to through so-called narrowcasting.

The limited 12-channel VHF (Very High Frequency) over-the-air broadcasting capacity of television can be unlocked by the multi-channel capacity of cable television. There are a few systems now installed with as many as 60 channels available, and a number are being wired for 30-channel, two-way cable communication.

More than 100 of Canada's 300 cable companies now transmit programs originating locally in company studios, with programming specifically designed for their

communities. The programming provides a distinct alternative to mass-appeal programs of off-air broadcasting. The success of such programs is measured not by ratings of the numbers of viewers but by enjoyment and interest of those who watch.

There are some interesting case histories of local programs which have outdrawn network broadcasting. Some have even polled higher in their communities than Hockey Night in Canada during the same time period. Generally, the community channel has been most successful where other media are not proving adequate local coverage. Absence of adequate service by other media is more significant than the size of the community in determining the success of a local channel.

How cable fits into the Canadian communications system

The cable industry does not have the traditional characteristics associated with public ownership. It is reserved for Canadian investors by law, with foreign ownership limited to a maximum of 20 per cent. The industry has been built up totally in the private sector, with no single company dominating the service across Canada.

Cable television is not a competitor of the telephone industry. Its coaxial cable is capable of transmitting a large number and variety of informational signals into the home. The system has two-way capability, but cannot easily be switched between different points like a telephone connection. The cost of switching broadband coaxial cable is extremely high. It is the switching function which will continue to separate telephone industry activities from cable television services.

Nor is cable hurting broadcasting. The Special Senate Committee Report on Mass Media states:

> " ... there is no evidence of cable television seriously injuring television broadcasting in Canada to date."

Private TV broadcaster revenue in Canada has grown during each of the past five years along with the rapid growth of cable television, according to Statistics Canada. Applications for new TV stations and networks continue to share the CRTC public hearings with cable TV applications. The members of the cable industry are trying to cooperate with broadcasters to strengthen the total Canadian communications industry. The re-running of good Canadian broadcast programs at the convenience of viewers is an obvious role for cable to play in strengthening the Canadian program production industry.

The real social significance of cable television, however, is not just the interconnection of population through the cable distribution system, but the interaction now possible with two-way multi-channel systems. Subscriber response services are indeed in harmony with the mood for greater individualism.

Pay TV is to be developed through the licensed broadcasting undertakings in Canada according to a CRTC announcement of October 4, 1972. The hardware for subscription television is now readily available. Several cable companies, in response to the CRTC announcement, have now submitted Pay TV proposals to the Commission.

Subscription television will further expand viewer choice and permit narrowcasting of programs to small special interest groups who are prepared to pay for them. It is estimated that the cost per viewer is 3 cents per half hour for a mass audience production. Viewers will pay a good deal more than that for something in which they are really interested. The off-air signals will be provided at a base monthly rate. An extra charge will be made for premium packages such as special concert series, sports events and first-run movies.

Multi-channel capacity is also the key to off-campus adult education, enabling people to retrain for economic survival in the 21st century. Scholastic credit courses can be given at home at times convenient to the viewer, thereby overcoming geography, motivation, and educational status, some of the traditional obstacles to adult education.

Regulation - the public interest

Technical standards, the areas served, the rates charged and the programs carried by Canadian cable systems, are all closely supervised by the federal government. Through the Department of Communications, all users of the radio frequency spectrum are controlled through stiff engineering regulations. The CRTC sets the pace for all other aspects of the cable industry.

The Broadcasting Act of 1968 took cable television out of its legal seclusion and named it a "broadcast receiving undertaking." Cable officially became part of the Canadian broadcasting system, and was put under the regulatory authority of the CRTC. Prior to 1968, the only regulation of the industry was through the Radio Act, at that time administered by the Department of Transport.

Order has come to the cable industry under the CRTC. Each operating company has a designated service territory assigned by the CRTC after open competitive public hearings. Regulations govern operating practices, rate setting, and the specific broadcast programs carried on the system. At regular intervals, the cable companies must apply to the CRTC for an examination of their past performance, their promises of future development, and renewal of their licences.

Through the Commission's public hearings, individuals and groups may not only comment but may also effectively influence the licensing, regulation, and supervision of cable television systems to meet the unique social needs of Canadians. Anyone may express opinions on any licensed system, either at the time of public hearings or at any time during the period of the licence. Written submissions to the

Commission may be followed by an invitation to participate in a public hearing if elaboration is required.

All technical facilities of a cable company must be approved by the Radio Regulation Branch of the Department of Communications. A technical operating certificate must be obtained for the erection and operation of the antenna structure and the associated electronic equipment needed to process the signals transmitted to cable subscribers. Also, an elaborate set of technical standards, specifying the quality of transmission, ensures that the subscriber receives high quality signals.

Political considerations - federal, provincial, and municipal

Traditionally, governments have not been successful in anticipating new technology. It is, therefore, not surprising to observe that cable television does not fit, with precision, into the established operational areas of government.

The position of the cable television industry with respect to regulation is consistent, whether regulation is federal, provincial or municipal. The regulatory jurisdictional discussion is the responsibility of the elected officials of the people. The single most important factor to the industry is that people want cable television services, and, through their elected representatives, will determine appropriate regulation.

There is a place for federal, provincial, and municipal government in the development of cable services. Unlike broadcasting, cable services depend on provincial and municipal rights-of-way for the physical emplacement on the ground of the cable distribution system. In many cases, cable companies depend on provincial and municipal hydro companies and telephone companies which have existing pole networks for their own cables. The provinces have correctly determined that the multiple use of distribution structures to carry all wired services in the community is in the public interest to prevent wasteful duplication.

Regulation of cable television should be balanced to protect the public interest but still provide sufficient freedom to the cable companies to respond to the wishes of the people. This will require communication and cooperation between all levels of government to prevent regulation that duplicates, conflicts, or is excessive.

The Canadian Cable Television Association, as the industry's spokesman, has opposed and will continue to oppose legislation which restricts reasonable freedom for cable companies to meet customer demands for service. The association has fought and will continue to fight any laws or by-laws that it considers to be illegal.

Appropriate freedom for development of cable services is a dedicated objective of the association. CCTA stands prepared to share information, knowledge, and experience with all levels of government to encourage communication and further understanding.

Federal, provincial, and municipal governments should act to encourage investment in cable companies which are reserved for Canadian ownership.

From here to where?

Where we go from here, of course, depends on the wishes of the people. The fact that new types of service are technically feasible does not guarantee their public application nor acceptance. The market place will dictate the nature and scope of future services. Cable companies must keep close to the people they serve, for their subscribers are their only source of revenue. Cable systems are prohibited by CRTC policy from selling advertising.

Public response can bring many cable services into being for which the technology presently exists:

- Pay TV
- channels devoted to full-time reporting of news and current affairs
- information retrieval from data centres, a form of electronic public library
- interactive instructional programs using two-way cable
- residential monitoring to detect abnormal conditions such as fire or intrusion and to measure consumption of electricity, gas, and home heating oil
- teleshopping with comparative purchasing data
- real time reports of the stock market
- interactive TV games
- transportation schedules visually portrayed with reservation services
- banking services
- local auction sales
- interactive vocational counselling

During the coming decade, cable television systems will receive signals through satellites such as Anik I, the Canadian communications satellite launched November 10, 1972. The cable system's head end or receiving antenna will be an earth station from which local distribution of the signals can be made efficiently.

The U.S. Rand Corporation has predicted that by the end of the century there will be cable systems with 400 channels delivering 40 per cent of the mail in the United States. It foresees channels serving in-home computers, which can produce facsimile print-outs from the home television receiver providing newscasts and any other data for which a permanent record may be required.

These potential applications highlight the importance of the local distribution function of cable. We are already living with revolutionary advances in long distance transmission including the substitution of microwaves for wires and the introduction of communication satellites.

But communication bottlenecks are occurring in local distribution. The development of the broadband cable, an electronic throughway in the home, is an effective solution to the problems of local distribution which will escalate with more demands by the public for audience specialization in the electronic media.